DOCUMENT RESUME

ED 431 454 JC 990 376

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TITLE	Erie Community College, Report 98-T-3.
INSTITUTION	New York State Office of the Comptroller, Albany. Div. of Management Audit.
PUB DATE	1999-06-25
NOTE	10p.
PUB TYPE	Reports - Research (143)
EDRS PRICE	MF01/PC01 Plus Postage.
DESCRIPTORS	Community Colleges; *Educational Finance; *Financial Audits; Financial Policy; Financial Problems; Financial Services; Two Year Colleges
IDENTIFIERS	Erie Community College NY; *Supplemental Tuition Assistance Program NY; *Tuition Assistance Program NY

ABSTRACT

This document presents the findings of the Office of the State Comptroller of New York regarding the audit of the records and procedures used in administering the Tuition Assistance Program (TAP) and Supplemental Tuition Assistance Program (STAP) at Erie Community College. TAP is an entitlement program designed to provide tuition aid to eligible full-time students. STAP is a supplemental program that provides additional awards to those students who are educationally disadvantaged. The audit determined that there was an overpayment of $90,210 in financial awards to students at the college for the 1994-95 through 1996-97 academic years, due to school officials incorrectly certifying students as being eligible TAP and STAP awards. They used a randomly selected statistical sample of 150 awards from the City campus, 100 awards from the South campus, and 150 awards from the North campus of the 25,891 awards that Erie Community College certified. The total audit disallowance consisted of $30,475 from the City campus, $44,649 from the South campus, and $15,086 from the North campus. The Office of the State Comptroller of New York recommended to the HESC that they recover the $90,210 of overpaid awards from Erie Community College, less any of the awards subsequently decertified by the school plus applicable interest. (TGO)

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ED 431 454

Erie Community College
Report 98-T-3

Jerry Barber
New York State Office of the Comptroller

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STATE OF NEW YORK
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June 25, 1999

Mr. Richard Mills
Commissioner
State Education Department
Education Building
Albany, NY 12234

Mr. Robert J. Maurer
President
Higher Education Services Corporation
99 Washington Avenue
Albany, NY 12255

Re: Erie Community College
Report 98-T-3

Dear Mr. Mills and Mr. Maurer:

According to the State Comptroller's authority as set forth in Article V, Section 1 of the State Constitution, Article II, Section 8 of the State Finance Law and a Memorandum of Agreement dated December 1, 1989 involving the State Comptroller, the Commissioner of Education, the President of the Higher Education Services Corporation (HESC), and the Director of the Budget, we audited the records and procedures used in administering the Tuition Assistance Program (TAP) and Supplemental Tuition Assistance Program (STAP) at Erie Community College (Erie) for the 1994-95 through 1996-97 academic years.

Summary Conclusions

In accordance with Section 665(3)(b) of the Education Law (Law), we determined that Erie was overpaid $90,210 because school officials incorrectly certified students as eligible for TAP and STAP awards. We tested the accuracy of Erie's TAP and STAP certifications for the three years ended June 30, 1997 using a randomly selected statistical sample of 150 awards at the City campus, 100 awards at the South campus and 150 awards at the North campus of the 25,891 awards that Erie certified. The total audit disallowance consists of $30,475 from the City campus, $44,649 from the South campus and $15,086 from the North campus. Therefore, we recommend that HESC recover from Erie the total $90,210, less any of these awards subsequently decertified by the school, plus applicable interest.

Background

Erie is one of the 30 two-year degree granting community colleges in the State University of New York (SUNY) system. Erie has three campuses in the Buffalo area: the City campus located in downtown Buffalo; the South campus located in Hamburg; and North campus located in Amherst. Erie offers Associate of Arts, Associate of Science and Associate of Applied Science degrees and certificates in a number of programs that are approved by the State Education Department (SED) for tuition assistance eligibility.

TAP is the largest of the various student grant and scholarship programs administered by HESC. It is an entitlement program designed to provide tuition aid to eligible full-time students who are enrolled in a variety of programs. STAP is a supplemental tuition assistance program designed to provide additional awards to those students who are educationally disadvantaged.

Draft copies of this report were provided to SED, HESC, SUNY and Erie officials at the three campuses for their review and comment. These officials are in agreement with the findings and we have considered their comments in preparing this report.

Audit Scope

The objective of our financial and compliance audit was to determine whether Erie management complied with the Law and the Commissioner of Education's Rules and Regulations (Regulations) for certifying students as eligible for TAP and STAP awards. The scope of our audit did not include reviewing the records and procedures of HESC as they relate to determining the amount of the awards.

According to HESC's records, Erie certified 12,638 students for 25,891 TAP and STAP awards totaling $19,707,054 during the 1994-95 through 1996-97 academic years. Since each of Erie's three campuses has its own TAP certification staff and works independently of each other, we selected for audit three separate statistical samples of TAP awards certified at each of the campuses. At the City campus, we audited 150 randomly selected awards totaling $135,793 of the 9,550 awards certified. We audited 100 randomly selected awards totaling $65,133 of the 6,086 awards that the South campus certified. At the North campus, we audit 150 randomly selected awards totaling $106,545 of the 10,255 awards certified. We also reviewed other awards that came to our attention during the audit.

We did our audit according to generally accepted government auditing standards. Such standards require that we plan and do our audit to adequately assess those operations of Erie which are included within our audit scope. These standards also require that we review and report on Erie's internal control system and its compliance with those laws, rules and regulations that are relevant to Erie's operations and are included in our audit scope. An audit includes examining, on a test basis, evidence supporting transactions recorded in the accounting and operating records and applying such other auditing procedures as we consider necessary. An audit also includes assessing

the estimates, judgments and decisions made by management. We believe that our audit provides a reasonable basis for our findings, conclusions and recommendations.

In planning and doing our audit of Erie, we reviewed management's internal control system. Our audit was limited to a preliminary review of the internal control system to obtain an understanding of the environment and the flow of transactions through the accounting system and other systems supporting the claims for student financial aid.

Erie management is responsible for complying with the Law and the Regulations. In connection with our audit, we performed tests of Erie's compliance with certain provisions of the Law and the Regulations. Our objective in performing these tests was to obtain reasonable assurance that the TAP and STAP awards Erie received were for eligible students. Our objective was not to provide an opinion on Erie's overall compliance with the Law and the Regulations.

The results of our tests indicate that, with respect to the items tested, Erie was generally in compliance with the provisions of the Law and the Regulations relating to students' TAP and STAP eligibility, except as noted in the following section of this report.

Audit Disallowances

Based on our audit at the City campus we found three awards paid to ineligible students from our statistical sample. A statistical projection of these awards to the City campus population, using a 95 percent single-sided confidence level, results in an audit disallowance totaling $10,494. We also identified 25 other awards totaling $19,981 from outside the statistical sample period paid to ineligible students. Therefore, the total audit disallowance for the City campus is $30,475.

Our audit at the South campus found five awards paid to ineligible students from our statistical sample. A statistical projection of these awards to the South campus population, using a 95 percent single-sided confidence level, results in an audit disallowance totaling $42,092. We also identified four other awards paid to ineligible students from outside the statistical sample period totaling $2,557. Therefore, the total audit disallowance for the South campus is $44,649.

The results of our audit of the awards at the North campus did not result in a statistical projection of the disallowed awards. The total audit disallowance for the North campus is $15,086 as a result of 19 awards paid to ineligible students.

Exhibit A, attached to our report, summarizes the audit disallowances by campus. The various types of disallowances are discussed in the following sections of this report. The students' names and related information were provided to Erie officials separately.

Students Not in Good Academic Standing

Criteria - Section 665 of the Law requires that students be in good academic standing to be eligible to receive TAP awards. Section 145-2.2 of the Regulations states that to maintain good academic standing a student must maintain satisfactory academic progress toward completion of a program and pursue the program of study in which he or she is enrolled.

To maintain satisfactory academic progress, a student must accrue at least a certain number of credits and earn at least a certain cumulative grade point average as required in the college's published satisfactory academic progress chart approved by SED. A student is pursuing the approved program of study if, during each term of study for which an award is received, the student receives a passing or failing grade in a predetermined percentage of the minimum full-time course load based on the student's TAP payment level.

When a student fails to maintain good academic standing, the student loses prospective TAP eligibility. Students can regain good academic standing by making up the deficiencies at their own expense, obtaining a waiver, remaining out of school for at least one calendar year, or transferring to another institution. SED's Chief Executive Officers Memorandum (CEO) No. 81-12 and HESC's Bulletin No. 120 state that the granting of a TAP waiver is intended to accommodate only extraordinary or unusual circumstances beyond the control of the student. The school is required to maintain a complete case record for each waiver granted with a written record of the findings and determinations of each case. SED's directives state that waivers should be granted only when there is a reasonable expectation that the student will meet future TAP eligibility requirements.

Audit Determination - We identified 30 awards paid on behalf of 25 students who failed to maintain good academic standing and therefore were not eligible for these awards. Nineteen of these awards were paid to students who did not earn the credits or attain the grade point average required to meet the satisfactory academic progress requirement. The other 11 awards were paid to students who did not earn passing or failing grades in enough courses to meet the pursuit of program requirement.

School Officials' Position - Erie officials agree with these findings.

Students Not in Full-Time Attendance

Criteria - Section 661 of the Law requires that students must be in full-time attendance for TAP eligibility. Section 145-2.1 of the Regulations defines full-time study as enrollment for at least 12 hours a semester for a semester of 15 weeks or its equivalent. SED's CEO No. 86-17 states "If a student repeats a course in which a passing grade acceptable to the institution has already been received, the course cannot be included as part of the student's minimum full-time course load for financial aid purposes."

Audit Determination - We identified seven awards paid on behalf of six students who did not maintain full-time status. These students were repeating courses in which they had previously earned passing grades. Therefore, those courses cannot count toward full-time status.

School Official's Position - Erie officials agree with these findings.

Students Not Eligible to Receive STAP Awards

Criteria - Section 667-a of the Law states that in order to be eligible for STAP awards, a student must be educationally disadvantaged in accordance with the provisions for State-funded opportunity programs. SED's CEO No. 81-12 states that students receiving STAP awards must be enrolled in non-credit remedial courses making up at least half their minimum full-time course load.

Audit Determination - We identified 11 awards paid on behalf of 11 students who were not enrolled in at least six credit hours of non-credit remedial courses as required to be eligible for STAP awards. Three of these students were not enrolled in any remedial courses.

School Officials' Position - Erie officials agreed with this determination.

Students Not Meeting Residency Requirement

Criteria - Section 661 of the Law states that an applicant for an award at the undergraduate level of study must have ". . . been a legal resident of the state for at least one year immediately preceding the beginning of the semester, quarter or term of attendance for which application for assistance is made . . . ." Further, HESC's Manual on Programs and Procedures stipulates that institutions should not certify eligibility for State awards for any student whose New York State residency is suspect.

Audit Determination - We found that Erie officials certified two awards for two students who did not meet the residency requirement. One student entered New York State in December 1992 and therefore was not eligible to receive TAP until December 1993, or the beginning of the Spring 1994 semester. The other student's file contained documents showing that she graduated from a high school outside the United States prior to attending Erie and receiving TAP.

School Officials' Position - Erie officials agree with these findings.

Students Receiving Excess TAP Payments

Criteria - Section 667 of the Law states that a student enrolled in a two-year program is eligible for TAP awards for no more than three academic years.

Audit Determination - We identified three awards paid on behalf of two students who received excess TAP payments. These students were certified to receive nine and ten TAP payments, which exceed the three academic year limited stated in the Law.

School Officials' Position - Erie officials agree with these findings.

TAP Not Posted to Students' Accounts

Criteria - Section 2205.3(d) of the Regulations requires that each student's account be credited within seven days after the receipt of a finalized award.

Audit Determination - We identified two TAP awards that were paid to two students, but were not posted to the students' accounts. Since school officials did not properly distribute the funds so the students could benefit from the TAP award, we disallow these awards.

School Officials' Position - Erie officials agree with these findings.

Students Not Eligible For Summer Award

Criteria - Section 145-2.9 of the Regulations requires that students who receive a half-time TAP award for a summer term must be enrolled full-time at the school in the prior Spring or subsequent Fall terms.

Audit Determination - We identified two summer TAP awards paid on behalf of two students who were not enrolled full-time in the prior Spring or subsequent Fall terms as required by the Regulations. Therefore, these students were not eligible for these awards.

School Officials' Position - Erie official agree with these findings.

Other Matter Needing Attention

Approved Program

Criteria - Section 661 of the Law states that a student must be matriculated in a program approved by SED to be eligible to receive State financial aid.

Audit Determination - We found that certain students' transcripts stated that they were enrolled in the General Studies-Allied Health program or the General Studies-BPS (Business and Public Service) program. However, these programs are not listed on SED's inventory of approved programs for Erie. After bringing this to Erie officials' attention, they stated that these are not programs but rather "emphases" within the SED-approved General Studies program. These emphases are used for advising students on the courses to take and do not have unique course requirements that differ from the approved General Studies program.

We discussed this explanation with SED officials. They concluded that, although Erie had made a distinction between their basic General Studies program and the General Studies-Allied Health and General Studies-BPS programs, the programs' course offerings were in compliance with the approved General Studies curriculum and therefore offered as approved. However, SED stated that Erie officials must discontinue their practice of indicating specialized emphases on the students' transcripts.

Recommendations to the Higher Education Services Corporation

1. *Recover the $90,210 less any awards decertified, plus applicable interest from Erie Community College for its incorrect TAP certifications.*

2. *Ensure that Erie Community College officials post TAP awards accurately to the students' accounts, as required.*

Recommendations to the State Education Department

1. *Ensure that Erie Community College complies with the SED regulations cited in this report.*

2. *Ensure that Erie Community College removes references to specific program emphases on its students' transcripts.*

Major contributors to this report were Frank Russo, Kenneth I. Shulman, Laura Smith, Joanne Kavich, David Pleeter and Donald Collins.

We wish to express our appreciation to the management and staff of Erie Community College for the courtesies and cooperation extended to our auditors during this audit.

Very truly yours,

Jerry Barber

Jerry Barber
Audit Director

cc: Chancellor Ryan
William Mariani
Charles Conaway
John Murphy

EXHIBIT A

Summary of TAP Audit Disallowance
Erie Community College
1994-95 through 1996-97

Reason for Disallowance	City Campus Awards	City Campus Amount	South Campus Awards	South Campus Amount	North Campus Awards	North Campus Amount	Total
Disallowances from the Statistical Sample:							
Students Not in Good Academic Standing	2	$1,947	2	$ 821	10	$8,683	
Students Not in Full-Time Attendance	1	895	3	2,849	1	488	
Student Not Eligible for STAP Award	—	—	—	—	1	492	
Sample Disallowances	3	2,842	5	3,670	12	9,663	
Less Award Disallowed for More than One Reason	—	—	—	—	1	553	
Total Disallowances	3	$ 2,842	5	$ 3,670	11	$9,110	
Projected Amount		$10,494		$42,092			$52,586
Non-Projected Disallowance						$9,110	9,110
Disallowances from Outside the Statistical Sample Period:							
Students Not in Good Academic Standing	11	$10,248	3	$1,676	2	$1,680	
Students Not in Full-Time Attendance	1	953	1	881			
Students Not Eligible for STAP Awards	8	6,785			2	1,705	
Students Not Meeting Residency Requirement	2	1,003					
Students Receiving Excess TAP Awards					3	2,558	
Students Who Were Not Eligible for Summer Award	2	645					
TAP Not Posted to Students' Accounts	1	347	—	—	1	33	
Total Disallowances from Outside the Sample	25	$19,981	4	$2,557	8	$5,976	28,514
Total Audit Disallowance		$30,475		$44,649		$15,086	$90,210

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